

VZCZCXRO1840  
RR RUEHLN RUEHSK RUEHVK RUEHYG  
DE RUEHDBU #0021/01 0080323  
ZNR UUUUU ZZH  
R 080323Z JAN 09  
FM AMEMBASSY DUSHANBE  
TO RUEHC/SECSTATE WASHDC 1307  
INFO RUCNCIS/CIS COLLECTIVE  
RUEHBUL/AMEMBASSY KABUL 0375

UNCLAS SECTION 01 OF 02 DUSHANBE 000021

SENSITIVE  
SIPDIS

DEPT FOR SCA/CEN

E.O. 12958: N/A  
TAGS: [ENRG](#) [EPET](#) [EAID](#) [PGOV](#) [PREL](#) [TI](#)  
SUBJECT: Power Politics: Uzbeks Hold up Critical Winter Energy Supplies

Ref A: 2008 Dushanbe 1572

¶1. (SBU) Summary: Tajikistan concluded an agreement to buy a critical 1.2 billion Kilowatt-hours (KWh) of electricity from Turkmenistan from November 2008 through April 2009. Although Uzbekistan agreed to transmit the first 400 million KWh through its grid in November and December, it has so far refused to allow the rest of the energy to pass to Tajikistan. The Uzbeks also have failed to begin delivering an additional 600 million KWh as part of a separate multi-year agreement. Without this energy, Tajikistan has cut back power to the population outside the capital, and even supplies to Dushanbe will dry up in February at current consumption rates. The two countries have agreed on a 65% price hike for deliveries of Uzbek natural gas. Uzbekistan would like to see Tajikistan's domestic power generation capacity dry up before it turns the taps back on, according to local contacts. End summary.

¶2. (SBU) Most of Tajikistan's energy problems stem from the fact that its electrical system was never intended to be independent. The Central Asian electrical grid, built during the Soviet era, took for granted that low seasonal production levels in one area would be offset by increased generation elsewhere. With independence, Tajikistan remains highly dependent for its energy needs on a neighboring country with which its relations have soured.

Nurek Levels: Low and Lowering

¶3. (U) Three-quarters of Tajikistan's domestic power supply is generated at the Nurek Hydroelectric Station on the Vakhsh River. More than adequate in summer, reduced winter water flows mean that Tajikistan faces an annual energy deficit. Capable of operating at 3 Megawatts, Nurek has been operating at a fraction of that capacity to husband the limited supply of water in the reservoir behind it. The water level is currently 879 meters above sea level, several meters below its level at this time last year, and only 22 meters above the "dead point" at which Nurek can no longer generate electricity. The power station is consuming about a half-meter a day, which is partly replenished by inflow of 176 cubic meters per second from the Vakhsh. A contact at Nurek says that at current consumption rates the dam can provide electricity to Dushanbe and the Talco aluminum plant through mid-February before running out of water. This leaves out the rest of the country.

Uzbekistan Turns Off Tap on Turkmen Transit

¶4. (U) In 2007 Turkmenistan signed an agreement to provide Tajikistan with 1.2 billion Kilowatt-hours (KWh) of electricity every winter through 2012, at a cost of 3 cents per KWh. Every year, however, Dushanbe must negotiate with Tashkent to arrange the transmission of the energy through Uzbekistan's power lines. The two countries concluded an agreement in October providing for the transmission of the first 400 million KWh, at a transit cost to Uzbekistan of 0.3 cents per KWh, for November and December, but negotiations to transmit the remaining 800 million KWh have foundered. A delegation from Dushanbe is due to depart soon for Tashkent; at the moment, Tajikistan is receiving no Turkmen energy.



15. (U) Uzbekistan also has failed to begin transmitting an additional 600 KWh it agreed to provide Tajikistan this winter from its own sources as part of a multi-year arrangement in exchange for 900 KWh from Tajikistan in the summer.

16. (U) Officially, Tashkent is telling the Tajiks that the energy from Turkmenistan is being held up by technical problems in High Voltage Line number 512 between Sirdarya, Turkmenistan and Karakul, QVoltage Line number 512 between Sirdarya, Turkmenistan and Karakul, Uzbekistan. According to a source at the Tajik Ministry of Energy and Industry, the Ministry has already expressed to its counterparts in Tashkent and Ashgabat that it is willing to send specialists to help fix the problems, but the Turkmen and Uzbeks have declined the assistance. In the meantime, the Ministry has reduced electricity supplies to the regions outside of Dushanbe from 6-8 hours a day to 1-3 hours per day.

#### Power Politics

17. (SBU) Almost no one here believes the official explanation for the energy holdup. An Embassy contact at Barki Tojik, the company that managed Tajikistan's electrical grid, said Uzbekistan's goal this year was to bleed the Nurek reservoir dry before releasing any electricity. Uzbekistan intended to use the expanded outflow from Nurek -- which would be forced to run at higher capacity to make up for the deficits in Uzbek and Turkmen energy -- to feed its own reservoirs downstream. More broadly speaking, he repeated an oft-heard view here that Uzbekistan wants Tajikistan to be entirely dependent for its energy on Tashkent. Another widely believed assumption is that the energy will flow only if Tajik President Rahmon prostrates himself before Uzbek President Karimov.

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#### Uzbeks Agree to Pass Gas

18. (U) Tajikistan has reportedly reached an agreement on increased prices for natural gas imports from Uzbekistan. According to the new arrangement, Tajikistan will pay \$240 per 1,000 cubic meters (tcm) of natural gas, a 65.5% increase over this year's price of \$145. The Uzbek state gas producer Uztransgaz initially had demanded \$300 per tcm, agreeing only on January 1 to lower the tariff by \$60. Some reports suggested that the Uzbeks had intended all along to fix the price at \$240, and had only mooted the \$300 figure so they could appear to be compromising. Analysts noted that, since Tajikistan has access to only one potential seller, Uzbekistan held all of the cards in the negotiation and could dictate its price.

19. (U) Although the new figure is reported to be under world market prices, Tajikistan nevertheless still will have difficulty paying it. Even with the \$145 per tcm price, Tajikistan accumulated massive debts to Uzbekistan. In late December, Uztransgaz reduced supplies from 70 tcm to 35 tcm per hour due to payment delays. Tajikistan responded by remitting \$3 million, but acknowledged that it still owed an additional \$8 million in arrears. The Tajik gas company Tojigaz reportedly cut delivery to its biggest non-payers, including the Dushanbe cement plant and the Tojikazot company. Supplies continued to the Talco aluminum plant and the Dushanbe central heating facility. There are concerns that the latter, upon which many Dushanbe residents depend for winter heat, might not be able to afford the higher prices set by Uztransgaz. The facility is said to be examining the possibility of converting to coal or low-grade mazut oil.

110. (SBU) Comment: While it is difficult to verify the claims that Uzbekistan is waiting for Nurek to run dry, it is certainly plausible. Uzbekistan has made no secret of its desire to have a greater say in Tajikistan's exploitation of its energy and water resources, and ensuring Tajik energy dependence is one way of achieving this. To escape its seasonal energy dependence, Tajikistan needs to develop more production and other transmission options to the north, south, and east. A project underwritten by



the Asian Development Bank to build a north-south transmission line to Afghanistan is one step in this direction. End comment.

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